REMARKS

Claims 1-47 are pending. In the Office Action mailed on June 16, 2005, the Examiner: rejected claims 1, 10, 33 and 40 under 35 U.S.C. § 102(e) over U.S. Patent No. 6,021,398 to Ausubel ("Ausubel"); and rejected claims 2-9, 11-32, 34-39 and 41-47 under 35 U.S.C. § 103(a) over Ausubel. Applicant respectfully traverses the Examiner's rejections. Further examination and review in view of the remarks below are respectfully requested.

Some or all of the pending claims are directed to an auction bidding system that allows a bidder to direct automatic bidding at multiple auctions in accordance with bidding techniques specified by a bidder. Bidding techniques are rules for managing sequential and/or parallel bidding on multiple auctions. To direct the automatic bidding, the bidding system allows the bidder to specify the auctions at which the bids may be placed. The bidding system also allows the bidder to specify the bidding technique that should be used when bidding at the specified auctions on the bidder's behalf. For example, one bidding technique may be to evaluate auctions for similar items, and to place a bid at the auction with the lowest current bid whenever the last bid is outbid. Another bidding technique may be to bid at an auction only after winning another auction.

All of Applicant's pending claims stand rejected over Ausubel. Ausubel is directed to a more limited approach to enabling bidding by participants in a dynamic auction. In Ausubel, bidders are provided the opportunity to submit bids using "bidding rules." Using bidding rules, a bidder is able to submit a single bid that contains not only their current bid, but also future bids (to be more precise, bidding rules which may have the opportunity to become relevant at future times or prices) for the auction. The bid containing the bidding rules are submitted for a <u>single auction</u> and, at any single point during the auction, at most one bid derived from the bidding rules is active.

In response to Applicant's submission in a September 24, 2004 Amendment that the dynamic auction of Ausubel is a <u>single auction</u>, the Examiner remarks in the Office Action

that "Applicant's arguments that Ausubel is directed to a single auction is not convincing," and asserts that "an auction of a plurality of items is an indication of a plurality of auctions."

Applicant respectfully disagrees. The Examiner's assertion that "an auction of a plurality of items is an indication of a plurality of auctions" is inconsistent with how the terms "multiple auctions" and "single auctions" are used in the auction field. Prof. Vijay Krishna of the Pennsylvania State University, in discussing multiple object auctions in his book, Auction Theory, makes clear the distinction between multiple auctions and a single auction of multiple items. Prof. Krishna states that multiple objects can be sold "separately in *multiple auctions* or jointly in a *single auction*." Prof. Krishna further elaborates that "[i]n the former case [selling multiple objects separately in multiple auctions], the **objects are sold one at a time in separate auctions** – conducted sequentially, say – in a way that the bids in the auction for one of the objects do not directly influence the outcome of the auction for another," and that "[i]n the latter case [selling multiple objects jointly in a single auction], the **objects are sold at one go in a single auction**, but not necessarily all to the same bidder." VIJAY KRISHNA, AUCTION THEORY, 165, (Academic Press, ed., Alsevier Science, 2002) (2002) (emphasis added). Applicant hereby submits the cited page of the book as an attachment.
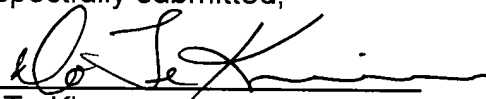
Thus, the treasury bills auction of Ausubel (col. 13, lines 6-18) is a single auction for multiple items, and not a plurality of auctions as asserted by the Examiner. As such, the Examiner has not, and cannot, establish that Ausubel is directed to managing multiple auctions. Thus, the basis for the rejection of the claims is incorrect.

Conclusion

In view of the foregoing, Applicant respectfully submits that claims 1-47 are allowable and asks that this application be passed to allowance. If the Examiner has any questions or believes a telephone conference would expedite prosecution of this application, the Examiner is encouraged to call the undersigned at (206) 359-8000.

Dated: 8/19/05

Respectfully submitted,

By _____
Do Te Kim
   Registration No.: 46,231
PERKINS COIE LLP
P.O. Box 1247
Seattle, Washington 98111-1247
(206) 359-8000
(206) 359-7198 (Fax)
Attorney for Applicant

Attachment

Auction
Theory

Vijay Krishna

Department of Economics
Pennsylvania State University
University Park, Pennsylvania

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12

An Introduction to Multiple Object Auctions

In this part of the book we turn to the study of situations in which multiple, related objects are to be sold. The objects may be physically identical, say multiple cases of the same wine or treasury bills of the same denomination, or they may be physically distinct but still be good substitutes, say different apartments in the same building or different paintings by the same artist, so that the marginal value of acquiring a second item, say, is lower than the value of the first. Alternatively, the objects may be complements—that is, the value derived from a particular object may be greater if another has already been obtained. For instance, a philatelist may value a collection of stamps more than the sum of the values of the individual stamps. Similarly, how much an airline values an airport landing slot may increase with the number of slots it has already acquired.

Not surprisingly, when multiple objects are to be sold, many options are open to the seller. First, the seller must decide whether to sell the objects separately in *multiple auctions* or jointly in a *single auction*. In the former case, the objects are sold one at a time in separate auctions—conducted sequentially, say—in a way that the bids in the auction for one of the objects do not directly influence the outcome of the auction for another. In the latter case, the objects are sold at one go in a single auction, but not necessarily all to the same bidder, and the bids on the various objects collectively influence the overall allocation.

Second, the seller must choose among a variety of auction formats, and · there is a wide range of possibilities to choose from. For instance, if the seller decides to sell the objects one at a time in a sequence of single-object
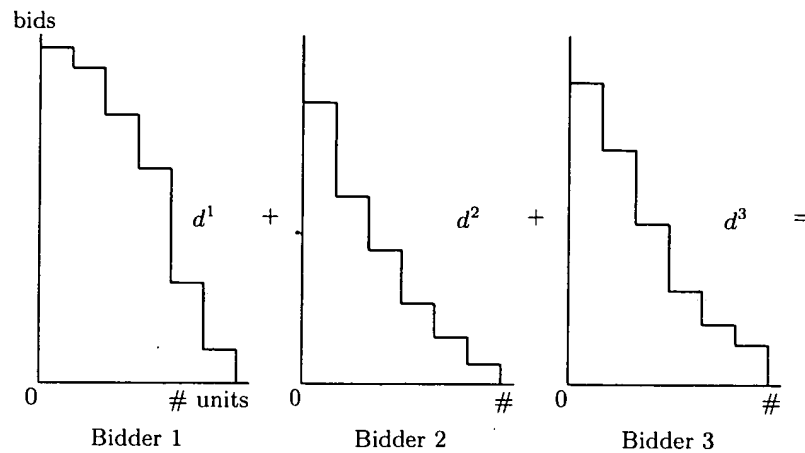
FIGURE 12.1. Individual Demand Functions

auctions, there is still the question of the particular auction form—first-price, second-price, or some other format—to adopt. If the seller decides to sell the objects at one go in a single auction, there are also many possibilities. We begin by outlining the workings of a few auction forms for the sale of multiple units of the same good at one go, returning to study multiple one at a time, sequential, or simultaneous auctions later.

12.1   Sealed-Bid Auctions for Selling Identical Units

Three sealed-bid auction formats for the sale of K identical objects are of particular interest. The first two are important on practical grounds—they are widely used in real-world auctions—and the last, although not widely used, is of special interest for theoretical reasons. All three are intended to be used in situations in which the marginal values are declining—that is, the value of an additional unit decreases with the number of units already obtained.

D. The *discriminatory* (or "pay-your-bid") auction.

U. The *uniform-price* auction.

V. The *Vickrey* auction.

In each of these auctions, a bidder is asked to submit K bids b_k^i, satisfying $b_1^i \geq b_2^i \geq \ldots \geq b_K^i$, to indicate how much he is willing to pay for each additional unit. Thus, b_1^i is the amount i is willing to pay for one unit, $b_1^i + b_2^i$ is the amount he is willing to pay for two units, $b_1^i + b_2^i + b_3^i$ is